

VMR-VRO GUIDELINE – WHY PAPERWORK IS NEEDED ON ALL VENDORS

Checklist Reference – Recording the Receipt of Paperwork (W-9/W-8)

Definition of Paperwork – W-9/W8 or an authorized substitute form.

Do all vendors need to submit paperwork?

Yes, this paperwork is a way to identify a vendor, not necessarily a prelude to 1099 reporting.

Do we need to collect paperwork from vendors I know are not reportable?

Yes, vendors are required to supply paperwork when requested to do so. The Request for Taxpayer Identification Number and Certification Form W-9 reads:

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

1. 28% backup withholding - See column 1 of page 2, heading – What is backup withholding? - of the Request for Taxpayer Identification Number and Certification Form W-9.
2. Penalties – See column 2 of page 2, heading – Penalties – Request for Taxpayer Identification Number and Certification Form W-9.

What difference does it make if we have paperwork or not?

1. The completion of paperwork on a vendor:
 - a. Identifies the vendor as a domestic or foreign vendor depending on the type of paperwork completed.
 - b. Verifies the TIN number which will guard against duplication.
 - c. Verifies the vendor's legal name which will prevent an IRS fine if there is 1099 reporting.
 - d. Identifies the reportable status of the vendor.
 - e. Provides documentation should there be a dispute with IRS.

Do I need to collect paperwork from a vendor when the payment is a non-reportable payment or under \$600.00?

1. Yes. W-9/W-8 forms are not a prelude to a 1099, but a way to verify the vendor's TIN number and verify the vendor's name.
2. Once a vendor is added to the database it becomes global. "Global" means the vendor can be used by anyone throughout state government and the institutions of higher education. Because each vendor is shared, prior to entering the vendor into the system the VMR needs to determine whether it is a reportable vendor or

VMR-VRO GUIDELINE –
WHY PAPERWORK IS
NEEDED ON ALL VENDORS

not. **The purpose for the payment does not make that determination – the vendor tax status can only be concluded if the vendor submits the appropriate paperwork.**

3. IRS recognizes the following as valid paperwork:
 - a. W-9 – Request for Taxpayer Identification Number and Certification Form W-9 (Domestic and Foreign vendors with FEIN numbers), or;
 - b. W-8 – Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding Form W-8BEN. (Foreign Vendors with no FEIN number), or;
 - c. A substitute form designed to the IRS specifications and approved by VRO.

Are forms W-9/W8 permanent or do they need to be updated?

1. All paperwork is valid for approximately five (5) years. VRO will develop a procedure to contact the existing vendors for the submission of updated paperwork.

Feel free to contact the Vendor Registry Office at spovendor@nd.gov for help or guidance in entering or updating vendor information. The Vendor Registry Office will research the information, take the appropriate action and respond to your inquiry in a timely manner.